

STATE PROPERTIES COMMITTEE MEETING

TUESDAY, NOVEMBER 8, 2011

The meeting of the State Properties Committee was called to order at 10:02 a.m. by Chairman Ronald N. Renaud. Attendance of the members was taken by roll call and the following members made their presence known: Robert Griffith representing the Rhode Island Department of Administration; Richard Woolley representing the Rhode Island Department of Attorney General; Lawrence S. Eichler, Public Member; and Andrew Marcaccio representing the Rhode Island Office of the General Treasurer, Ex-Officio Member. Others in attendance were Anthony Robinson from the State of Rhode Island General Assembly; Kelly Carpenter from the Rhode Island Senate Fiscal Office; Paul Carcieri, Robert B. Jackson and Colleen Kerr from the Rhode Island Department of Transportation; Terri Bisson and Catherine Sparks from the Rhode Island Department of Environmental Management; John P. Ryan from the Rhode Island Department of Administration; Deborah Barclay from the Rhode Island Department of Human Services; Christine Botts from the Rhode Island Department of Behavioral Health, Developmental Disabilities and Hospitals; K. Joseph Shekarchi from Shekarchi Law, legal counsel for applicant, North Kingstown Pharmacy Associates, LLC; Michael Bestwick from the Town of North Kingstown; Barbara Sokoloff from Barbara Sokoloff Associates; and Linda Ward from Opportunities Unlimited d/b/a Kenyon Terrace Apartments, Inc.

Chairman Renuad stated for the record that the State Properties Committee did have a quorum present.

A motion was made to approve the minutes of the State Properties Committee meeting held on August 16, 2011, by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

OLD BUSINESS – Department of Transportation – A request was made for conceptual approval to convey 72,224 square feet of State-owned property located at Route 102 (Ten Rod Road) and Route 2 (Quaker Lane) in the Town of North Kingstown to the North Kingstown Pharmacy Associates, LLC. Mr. Carcieri presented aerial photographs and a site map for the Committee's review. Mr. Carcieri introduced Michael Bestwick and indicated that he is the owner of the replacement parcel of land relating to this transaction. The Department is back before the Committee with the additional information requested at its last meeting. Mr. Carcieri explained that said information concerns the tax impact on the Town of North Kingstown in the event this transaction is approved and a CVS Pharmacy store is constructed on the existing North Kingstown Park-n-Ride site. There is also information regarding the direct and ancillary employment opportunities that would be generated by this project. Mr. Carcieri noted that any development of this property will be subject to the Department of Transportation's approval in accordance with the requirements associated with a physical alteration contract application and must comply with the usual design

guidelines. Mr. Carcieri stated that the Rhode Island Public Transportation Authority and the Town of North Kingstown both previously submitted letters of endorsement in support of the proposed new park-n-ride facility. Mr. Carcieri provided a brief summary of the proposed transaction, which involves an exchange of the existing State-owned Park-n-Ride facility situated at the intersection of Route 2 and Route 102 for an alternate site located approximately one third of a mile north on Quaker Lane. The new facility will provide an additional twenty (20) parking spaces and the State will receive compensation in the amount of \$365,000.00, which represents the differential in value between the existing Park-n-Ride facility and the replacement site. Mr. Carcieri stated that the intended transfer of this property was the subject of a formal Request for Proposals ("RFP"), which the Department effected in December of 2009. Mr. Carcieri indicated that North Kingstown Pharmacy Associates, LLC was the sole respondent to the RFP although eight or nine interested parties attended the pre-bid conference. Chairman Renaud asked for clarification as to whether there are any pending DEM/EPA violations or concerns about drainage issues at the existing Park-n-Ride site. Mr. Carcieri stated that the Department has no evidence to support a claim concerning the existence of any pending violation or drainage issues at the existing Park-n-Ride site. Mr. Shekarchi stated that in the course of conducting due diligence to obtain an easement over the current Park-n-Ride site, the applicant's engineer indicated that he found evidence that the existing Park-n-Ride site does not drain properly and that the system does not

meet current EPA/DEM standards. Mr. Shekarchi indicated that unfortunately he does not have anything in his possession evidencing that said drainage issues exist. Mr. Carcieri stated that the commercial development of any property that abuts a state highway is subject to the approval of a physical alteration permit to ensure that any contribution to water runoff is accounted for. He reiterated that the Department has no knowledge or evidence of any drainage issues associated with the existing Park-n-Ride site. Chairman Renaud stated that if there are any pending violations associated with the existing State-owned site, his concern is the costs involved to remedy the problem as well as any EPA/DEM violations. Mr. Shekarchi also indicated that as part of the due diligence process, his client at his own expense, commissioned an archaeological study to ensure there were no hazardous materials associated with the replacement parcel. Mr. Eichler asked who will actually relocate the gas main discovered on Parcel A. Mr. Carcieri explained that National Grid will be commissioned by the developer to relocate the gas main and will be solely responsible for any and all related costs. Mr. Eichler asked if the projected cost of \$414,000.00 to relocate the gas main has been re-examined to ensure said amount is adequate to cover the cost of relocating the gas main at this time. Mr. Carcieri stated that the Department asked the appraiser to re-evaluate the projected figure in May of this year. The appraiser indicated the projected cost to relocate the gas main stands firm. Mr. Eichler asked who will be responsible if the actual cost is more. Mr. Shekarchi stated that the developer will be responsible to pay any additional

costs relative to the relocation of the gas main. Mr. Eichler asked whether the agreement between the parties stipulates that the developer shall be solely responsible for additional costs. Mr. Carcieri stated that the purchase and sale agreement will speak to a closing compensation amount of \$365,000.00 and include specific language stipulating that the State is not responsible for any additional costs, seen or unforeseen, of any nature whatsoever. Discussion ensued concerning specific issues that Mr. Eichler would like to see addressed in the agreement. Mr. Woolley noted that the Department is requesting conceptual approval at this time and explained that once the agreement has been prepared, the Committee will have ample opportunity to review the same and request revisions and/or corrections. Mr. Carcieri indicated that the Department will submit both the purchase and sale agreement and the deed to the Committee well in advance of the finalization of this transaction. Chairman Renaud indicated that as previously discussed, the developer has agreed to place 'a five (5) year bond' on the replacement parcel. Said bond shall ensure that the State of Rhode Island will not be responsible to bear the cost of replacing any component and/or repairing any damage(s) whatsoever that may arise as a result of any deterioration of the replacement parcel, or due to substandard work, material, design or the like utilized by the developer in the construction of the replacement park-and-ride facility. Chairman Renaud stated that it is imperative that any and all final document(s) include language evidencing the developer's agreement to said five (5) year bond. A motion was made to grant

**conceptual approval by Mr. Griffith and seconded by Mr. Woolley.
Said motion passed three votes “Aye” to one vote “Nay.”**

Three 3 Votes “Aye”

Chairman Renaud

Mr. Griffith

Mr. Woolley

One (1) Vote “Nay”

Mr. Eichler

ITEM A - Department of Behavioral Healthcare, Developmental Disabilities and Hospitals – A request was made for approval of an extension and modification to the Purchase and Sale Agreement, by and between the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals and Opportunities Unlimited d/b/a Kenyon Terrace Apartments, Inc. relative to State-owned property located at 327 Kenyon Avenue in the Town of South Kingstown. Ms. Sokoloff, consultant to Opportunities Unlimited, explained that on or about November 23, 2010, the Department of Behavioral Healthcare, Developmental Disabilities and Hospitals obtained approval of and signatures on the Purchase and Sale Agreement, between the parties for the subject property. Ms. Sokoloff explained that in order to secure the HUD Section 811 funding, which is the funding source for this project, Opportunities Unlimited had to

establish site control. HUD approved the Department's application for Section 811 funding in September of 2010. Ms. Sokoloff indicated that representatives from Opportunities Unlimited, the Department and the consulting firm immediately began meeting with officials from the Town of South Kingstown to commence the long process of obtaining a comprehensive permit. The Department obtained the Town's approval for the comprehensive permit in August of 2011. Ms. Sokoloff stated that in accordance with the Purchase and Sale Agreement, Opportunities Unlimited was to commence construction within eighteen (18) months from the time the HUD application was approved; however, due to pending litigation with an abutting property-owner, which will hopefully be resolved by mutual agreement, that deadline will not be realized. Therefore, Opportunities Unlimited is now seeking an extension of the Purchase and Sale Agreement to ensure that the funding is not jeopardized as a result of its inability to commence construction. Ms. Sokoloff indicated Opportunities Unlimited is requesting an extension of the Purchase and Sale Agreement until March 2012, with two (2) options to extend for a period of six (6) months each. The property was previously owned by the State of Rhode Island and utilized as a group home for individual with developmental disabilities. Opportunities Unlimited intends to utilize the property for five (5) to (6) independent apartment units for members of essentially the same population. Ms. Sokoloff noted that the Town of South Kingstown supports this project. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

ITEM B – Department of Human Services – A request was made for approval to initiate lease negotiations with the principals of D&B Valley Associates, LLC for a five (5) year lease agreement for the premises located at 272 Valley Road in the Town of Middletown. Ms. Barclay explained that the Department issued a Request for Proposals (“RFP”) to solicit bids for suitable office space for its regional Family Services Center. Ms. Barclay indicated that the responses were reviewed by a selection committee and D&B Valley Associates, LLC was chosen as the successful candidate based upon certain criterion. Mr. Barclay stated that the Department is now seeking permission to initiate negotiations with D&B Valley Associates, LLC in order to reach an agreement concerning the terms and conditions of a five (5) year lease agreement for the subject premises. Mr. Ryan reiterated that the Department obtained the State Properties Committee’s approval to issue a Request for Proposals. Mr. Ryan noted that the Department received three (3) proposals; however, one was deemed non-responsive as a result of the property-owner’s refusal to agree to the Department’s early termination clause. Mr. Ryan presented photographs, and floor plans for the remaining two proposed sites to illustrate the benefits and drawbacks of each proposal. Mr. Ryan explained the Department was seeking a facility which offered private office space combined with open space to accommodate modular furnishings. Mr. Ryan indicated that the Department utilized Herman Miller modular furniture for both the Department of Human Services and the Department of Labor and

Training. Mr. Ryan noted that D&B Valley Associates, LLC agreed to give the Department the Herman Miller modular furniture, which was left behind by the previous tenant. Chairman Renaud asked how many cubicle units the Department would receive. Mr. Ryan stated that there is furniture for a total of twenty cubicles. Mr. Ryan noted that this particular brand of modular furniture is a quality product and the units being given to the Department are in very good condition. Mr. Ryan stated that the chosen site is highly visible and is situated along an existing bus route. Mr. Griffith asked which municipalities this facility would serve. Mr. Barclay stated that this office will service clients from Bristol, Tiverton as well as residents within the general vicinity. Chairman Renaud asked what the rental cost for each of the proposed facilities is. Mr. Ryan stated that the chosen site's proposed rental fee is \$23.44, per square foot, and the rental fee for the second proposed site is \$20.55. Therefore, the discrepancy between the two rental fees is only \$6,000.00 per year \pm . However, Mr. Ryan stated that the chosen site is much more suitable to the needs of the Department and that he is fairly certain the Department can negotiate a lower rental fee during negotiations. Mr. Woolley asked if this lease agreement will require approval from the General Assembly. Mr. Ryan stated that the Department has already obtained approval from the General Assembly. Mr. Ryan stated that the Department hopes to take occupancy of the premises on or about February 1, 2012. A motion was made to approve by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM C – Department of Environmental Management – A request was made for approval of and signatures on an Indenture of Lease, by and between the Department of Environmental Management and David Hall for the Arcadia Camp E-Hun-Tee Caretaker's Residence located at 1 E-Hun-Tee Place in the Town of Exeter. Ms. Bisson stated that the Arcadia Camp E-Hun-Tee was previously leased by the Department of Children, Youth and Families ("DCYF") to be utilized as an outdoor wilderness camp for wayward youth. However, in September of 2011, DCYF notified the Department of Environmental Management that it would no longer be operating said program and on September 16, 2012, the camp closed indefinitely. Ms. Bisson explained that this left the Department with a large property comprising a considerable number of facilities and several buildings containing a substantial amount of equipment. Ms. Bisson stated that the Department is working to determine how to best utilize this property; however, in the meantime it needs to be protected. The Department has done as much as possible to secure the premises; however, the caretaker's residence is situated at the property's entrance and is highly visible. Ms. Bisson stated that David Hall was recently hired by the Department as a principal forester and underwent a vigorous employee screening process by both the Division of Forest Environment and Human Resources prior to be selected as the caretaker for Camp E-Hun-Tee. Mr. Hall also has previous experience serving as a caretaker for a similar property during his previous employment with the State of Massachusetts. The Indenture of Lease is for a three (3) year term which will

commence immediately subject to the Committee's approval and expire November 30, 2014. The annual rental fee is \$7, 644.00, which is payable via bi-weekly installments through payroll deductions in the amount of \$294.00. Mr. Hall's duties as caretaker include full time surveillance of the property and general maintenance of the premises to ensure facilities and buildings are maintained and remain safe. Ms. Bisson noted that this is the standard Indenture of Lease utilized by the Department; however, it was revised slightly relative to the notice of termination language together with the addition of a provision that allows as many as four (4) occupants to reside within the dwelling. Ms. Bisson indicated that she is requesting approval of said Indenture of Lease subject to Mr. Hall's submission of a Certificate of Insurance evidencing that he has secured appropriate and adequate liability insurance coverage. Mr. Griffith noted that there are other dwellings on the property and asked if they are vacant. Ms. Bisson stated that the other dwellings are presently vacant. She indicated that one of the dwellings is uninhabitable and will either have to be extensively renovated or demolished. The other dwelling is in fairly good condition and the Department is contemplating leasing it as well after the completion of some minor improvements. Ms. Bisson noted that the property consists of 250 acres of land within the Arcadia Management Area and is certainly an asset worth protecting. A motion was made to approve by Mr. Woolley subject to the submission of a Certificate of Insurance evidencing that the appropriate and adequate liability insurance coverage has been secured. Said motion was seconded by Mr. Griffith.

Passed Unanimously

ITEM D – Department of Transportation – A request was made for approval of and signatures on a Grant of Easement Agreement, by and between the Department of Transportation and the Naval Facilities Engineering Command, Mid-Atlantic for access over property located on West Main Road in the Town of Portsmouth. Mr. Jackson presented an aerial photograph which illustrated the location of the subject easement area. Mr. Jackson stated that the Department will receive the sum of \$1,500.00 representing compensation for the granting of the subject easement. Said easement will allow for the installation of an eight (8) inch ductile iron water service transversely across West Main Road, just south of the Melville Elementary School. Mr. Jackson explained that in 2006, the Navy determined that its existing water storage tower must be demolished due to lead paint and structural integrity issues associated with said tower and in order to connect to the Portsmouth Water and Fire District water main. This connection will provide domestic water and fire protection services from the District's water system to the Navy's water system for Navy personnel residing in the Melville North area of the Naval Station in the City of Newport. A motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

The Committee may move to go into Executive Session, pursuant to Rhode Island General Law 42-46-5(a)(5) for the specific purpose of discussion or consideration related to the acquisition or lease of real

property for public purpose, or of the disposition of publicly held property wherein advanced public information would be detrimental to the interest of the public relating to the following item:

A motion to enter into Executive Session was made by Mr. Griffith and seconded

by Mr. Woolley.

A roll call vote was taken and the votes were as follows: Chairman Renaud voted "Aye," Mr. Eichler voted "Aye," Mr. Griffith voted "Aye" and Mr. Woolley voted "Aye."

After discussions relating to both Executive Session items concluded, a motion to return to the open session of the State Properties Committee meeting and to seal the Executive Session minutes until such time as said matter are resolved was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

Upon returning to open session at 10:37 a.m., the Committee proceeded to vote relative to the following items presented in Executive Session.

ITEM E1 – Department of Transportation – A request was made for authorization to acquire permanent drainage easements in connection with the 1R Improvements to Old Post Road (Route 1A) in the Town of Charlestown by virtue of Condemnation Plat 2758. After discussion in Executive Session, a motion to approve was made by

Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

ITEM E2 – Department of Transportation – A request was made for authorization to acquire a permanent drainage easement and two (2) temporary easements in connection with Statewide Drainage Improvements along Sakonnet Point Road (Route 77) in the Town of Little Compton by virtue of Condemnation Plat 2766. After discussion in Executive Session, a motion was made to approve by Mr. Woolley and seconded by Mr. Griffith.

Passed Unanimously

There being no further business to come before the State Properties Committee, the meeting was adjourned at approximately 10:39 a.m. The motion to adjourn was made by Mr. Griffith and seconded by Mr. Woolley.

Passed Unanimously

Holly H. Rhodes, Executive Secretary